

Exhibit D

Chesapeake Energy Corporation's Form 10-K filed on March 1, 2021

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2020

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-13726

CHESAPEAKE ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Oklahoma

73-1395733

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

6100 North Western Avenue, Oklahoma City, Oklahoma

73118

(Address of principal executive offices)

(Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	CHK	The Nasdaq Stock Market LLC
Class A Warrants to purchase Common Stock	CHKEW	The Nasdaq Stock Market LLC
Class B Warrants to purchase Common Stock	CHKEZ	The Nasdaq Stock Market LLC
Class C Warrants to purchase Common Stock	CHKEL	The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☒

Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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Unless the context otherwise requires, references to “Chesapeake”, the “Company”, “us”, “we” and “our” in this report are to Chesapeake Energy Corporation together with its subsidiaries. Our principal executive offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and our main telephone number at that location is (405) 848-8000.

Our Business

We are an independent exploration and production company engaged in the acquisition, exploration and development of properties to produce oil, natural gas and NGLs from underground reservoirs. We own a large and geographically diverse portfolio of onshore U.S. unconventional natural gas and liquids assets, including interests in approximately 7,400 oil and natural gas wells. Our natural gas resource plays are the Marcellus Shale in the northern Appalachian Basin in Pennsylvania and the Haynesville/Bossier Shales in northwestern Louisiana. Our liquids-rich resource plays are the Eagle Ford Shale in South Texas and the stacked pay in the Powder River Basin in Wyoming.

On June 28, 2020, we and certain of our subsidiaries filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Bankruptcy Court confirmed the Plan in a bench ruling on January 13, 2021 and entered the Confirmation Order on January 16, 2021. The Debtors emerged from bankruptcy on February 9, 2021. Upon emergence, all existing equity was canceled and new common stock was issued to the previous holders of our FLLO Term Loan Facility, Second Lien Notes, senior unsecured notes and certain general unsecured creditors whose claims were impaired as a result of our bankruptcy, as well as to other parties as set forth in the Plan, including to other parties participating in a \$600 million rights offering. To facilitate our discussion in this report, we refer to the post-emergence reorganized company as the “Successor” and the pre-emergence company as the “Predecessor.” See [Note 2](#) of the notes to our consolidated financial statements included in Item 8 of this report for further discussion of our bankruptcy and resulting reorganization.

Information About Us

We make available, free of charge on our website at [chk.com](#), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. From time to time, we also post announcements, updates, events, investor information and presentations on our website in addition to copies of all recent news releases. Documents and information on our website are not incorporated by reference herein.

The SEC maintains a website at [www.sec.gov](#) that contains reports, proxy and information statements, and other information regarding issuers, including Chesapeake, that file electronically with the SEC.

Business Strategy*Consistent Returns, Sustainable Future*

Our strategy is to create shareholder value by generating cash flow from our oil and natural gas development and production activities. We focus on improving margins through operating efficiencies and financial discipline and further improving our Environmental, Social and Corporate Governance (ESG) performance. To accomplish these goals, we intend to allocate our human resources and capital expenditures to projects we believe offer the highest cash return on capital invested, to deploy leading drilling and completion technology throughout our portfolio, and to take advantage of acquisition and divestiture opportunities to strengthen our portfolio. We also intend to continue to dedicate capital to projects that reduce the environmental impact of our oil and natural gas producing activities. We continue to seek opportunities to reduce cash costs (production, gathering, processing and transportation and general and administrative) per barrel of oil equivalent production through operational efficiencies, including but not limited to improving our production volumes from existing wells. We believe that we have emerged from Chapter 11 bankruptcy as a fundamentally stronger company, built to generate sustainable free cash flow with a strengthened balance sheet, geographically diverse asset base and continuously improving ESG performance.

Maintain low leverage and strong liquidity. Now that we have emerged from Chapter 11 bankruptcy, we expect to target a net leverage ratio, which is measured as our net debt as a ratio of trailing 12-month EBITDAX, of less

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than 1x. We believe that maintaining low net leverage is integral to our business strategy and will allow us to maintain lower fixed costs, improve our margins and maintain the flexibility of our capital program.

Returns-focused capital reinvestment strategy. Our business focus will be on optimizing the development of our large, geographically diverse resource base with a prioritization of generating high cash returns on capital invested. As a result, we will target a long-term disciplined capital reinvestment rate, which we define as annual capital expenditures as a percentage of trailing 12-month EBITDAX, of 60% to 70%. We believe this level of reinvestment will be adequate to support our target long-term annual maintenance capital expenditure level, excluding capitalized interest, of \$700 million to \$750 million. We expect our maintenance capital program to yield in excess of annual production of 400 thousand barrels of oil equivalent per day and generate significant free cash flow at today's prevailing commodity market prices.

Low-cost operator with expected top-quartile cash costs. We expect to continue to focus on our cost reduction initiatives, targeting a long-term annual free cash flow yield of 30% to 40% of annual EBITDAX. Since filing the Chapter 11 Cases in June 2020, we have successfully renegotiated or terminated certain of our midstream contracts and commitments, which resulted in significant reduction to our anticipated gathering, processing and transportation expenses, cumulatively achieving approximately \$4 billion in expected lifetime contract savings (or \$2 billion discounted to present value, assuming a 10% annual discount rate). For 2019, our total cash costs, inclusive of gathering, processing and transportation, operating, general and administrative and interest expenses were \$2.8 billion. Now that we have emerged from Chapter 11 bankruptcy, based on the termination or successful renegotiation of many of our gathering, processing and transportation contracts, as well as reductions in expected interest, operating and general and administrative expenses, we expect our annualized cash costs for 2021 to be reduced by approximately \$1 billion relative to 2019.

Continue efforts to reduce greenhouse gas (GHG) emissions and operate in an environmentally responsible manner with a goal of net zero direct GHG emissions by 2035. We are committed to operating our business responsibly and protecting the environments in which we operate. We plan to eliminate routine flaring on all new wells completed in 2021 and beyond, and accomplish the same on all wells, enterprise-wide by 2025. We intend to reduce our methane loss rate to 0.09% and our GHG intensity to 5.5 by 2025, reductions of 47% and 33%, respectively, as compared to 2019.

Manage commodity price exposure and ensure stability through prudent hedging strategy. We employ a prudent hedging strategy, which is aligned with our capital expenditure program and is designed to manage our exposure to commodity price volatility, ensure the stability of our cash flows and mitigate our risks to realizing attractive cash returns on capital invested. As of February 25, 2021, and consistent with requirements of our DIP Credit Facility we have 19 mmbbls and 548 bcf of expected 2021, representing 77% and 74% of 2021 forecasted oil and natural gas production hedged at prices of \$42.69/bbl and \$2.67/mcf, respectively. Additionally, as of February 25, 2021, we have hedged 11 mmbbl and 273 bcf of expected 2022 oil and natural gas production at prices of \$44.30/bbl and \$2.53/mcf, respectively.

Operating Areas

We focus our acquisition, exploration, development and production efforts in the five geographic operating areas described below.

Marcellus - Northern Appalachian Basin in Pennsylvania.

Haynesville - Northwestern Louisiana (Gulf Coast).

Eagle Ford - South Texas.

Brazos Valley - Southeast Texas.

Powder River Basin - Stacked pay in Wyoming.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION

Date: March 1, 2021

By: /s/ ROBERT D. LAWLER
 Robert D. Lawler
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Robert D. Lawler and Domenic J. Dell'Oso, Jr., and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Annual Report on Form 10-K, and to file the same, with all, exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each, and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any or all of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
<u>/s/ ROBERT D. LAWLER</u> Robert D. Lawler	President and Chief Executive Officer (Principal Executive Officer)	March 1, 2021
<u>/s/ DOMENIC J. DELL'OSSO, JR.</u> Domenic J. Dell'Oso, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2021
<u>/s/ WILLIAM M. BUERGLER</u> William M. Buergler	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 1, 2021
<u>/s/ MICHAEL WICHTERICH</u> Michael Wichterich	Chairman of the Board	March 1, 2021
<u>/s/ TIMOTHY S. DUNCAN</u> Timothy S. Duncan	Director	March 1, 2021
<u>/s/ BENJAMIN C. DUSTER, IV</u> Benjamin C. Duster, IV	Director	March 1, 2021
<u>/s/ SARAH EMERSON</u> Sarah Emerson	Director	March 1, 2021
<u>/s/ MATTHEW M. GALLAGHER</u> Matthew M. Gallagher	Director	March 1, 2021
<u>/s/ BRIAN STECK</u> Brian Steck	Director	March 1, 2021